

# **President's Forum Pre-Meeting**

## **Broker Outbrief**

**13/14 June 2000**

# Breakout Session Scope

- Definition of theme?
- Why is this worth doing?
- What are key implementation ideas?
- What are key obstacles/enablers?
- What actions should we take next?

# Continuum of ESC Broker Roles

- C2 Portal (open direct web access) vs. C2 Gatekeeper (human filter)
- Engineering solutions vs. Market research/analysis/awareness
- Self service vs. Human-in-the-loop
- Bottoms up (warfighter ideas) vs. Top down (POM, Congress)
- Internal (synergy/disconnect between programs) vs. External (between gov't org)
- Find solutions for problems vs. Find problems for solutions
- Product Acquisition vs. Service Acquisition
- Partnership vs. Broker (a mix needed; dependent on rate of change)
- Educator (continuous ESC-industry-user communications) vs. Assessor (Consumer Reports: performance; Underwriters Lab: stds)
- Fair Arbitrator (User needs vs. existing COTS opportunities, piece price vs. TCO)

# Industry Inspired Broker Roles

- CIO-chief information officer (authority, aggregate funding, responsibility of infrastructure)
  - Information infrastructure provider: economies of scale, select products/standards
- CKO-chief knowledge officer (knowledge: creation, pedigree, validation, maintenance, process-both innovation and elimination; C2 info that rides on top of CIO's infrastructure)
  - Information broker (collect and data mine acquisition transactions)
  - ConOps, Requirements, Contracts/Programs clearinghouse
- CTO-chief technology officer (visionary, technology investment, applying to programs)
- Broker for “Discovery Dollars” for C2 innovation opportunities
- Auction/**Reverse Auction** model for commodity C2 goods
- Pet farm, SBA lead, Innovation broker, Yahoo! for C2

# Desired Benefits

- Better access to global users to sell products and services
- Provide warfighter more with less gov't people (shift to industry)
- Govt better informed about products, services, needs (buyer and seller advocate); pre-sales advocate, post sales counselor (e.g. assist in customization decisions)
- Improve leverage of COTS; number of industry participants in C2
- Time to market (from industry to warfighter)
- Shift from cost to price (improve profit margins)
- Shift towards services (for higher margins, incentive to reduce cost of services voluntarily, willingness to invest own R&D)
- Shift from custom development to existing COTS opportunities
- Coordinate between commercial and defense industry efforts
- More industry participants for DOD needs
- Re-balance between effects (services) over requirements (products)

# Desired Benefits

- Bring back innovation
- Provide operational capability to user instead of products
- Enable “deal making” iteratively within the C2/IT acquisition cycle
- Continuous communication between ESC and user
- Progress from information to knowledge to wisdom
- Manage expectations, lower risks
- Reengineer business differently than the old way (e.g. eliminate human touch in processes)
- Effects/mission focus not spec focus
- Give IP to industry to use commercially to leverage higher volumes
- Coordinate among high level AF organizations
- Long term (~15 yr) commitments to industry (will then partner R&D)
- Commonality among products for improved cost and maintenance rather than just initial price (look at TOC)
- Manage expectations of acquisition (cost vs. functionality; security, coalition, interoperability, logistics) to warfighter

# Key Implementation Ideas

- Setup clearinghouse for user needs (ConOps) and industry products (evaluations-both CR and UL types)
- Mission oriented SOOs/SOWs; industry free to choose solution
- Articulate DARPA-warfighter transition path
- Create communities of interest (user feedback, expert sounding boards, rollerdex of niche knowledge experts)
- Concurrent design teams (R&D, ESC, industry, user, logistics)
- 1 color funding for R&D, development, maintenance (845?)
- Shift to self service web-based infrastructure
- 3-5 yr bus forecasts (joint, dot comm savings enable new initiatives)
- Build C2 portal (JBI, logistics version, web based)
- Allow (efficiency and quality) incentives for innovation by unconstraining solutions and focusing on services not products
- Improve links between (mil & industry) R&D and product centers
- Real partnerships: replace control with trust/understanding
- Champion info broker role from the top down

# Key Implementation Ideas

- Allow greenfield/skunkworks acquisition org (Discovery \$ funded?)
- Create partnerships (not CRADAs) with industry
- Build self service web base infrastructure for C2 acquisition (leverage “Col. Henry” web model)
- Fence money for opportunistic solutions
- Distributed testbeds for users/developers (include training & logistics)
- Collect, profile, data mine acquisition transactions (accountability)
- Find ways to kill legacy programs
- Consolidate IT money to force commonality compliance
- Force Total cost of ownership calculations
- Commerce 1 B2G model
- Products/services improved by applied metrics
- Develop a brand strategy for ESC as a broker (C4ISR.com)
- Government training program with industry.
- Dot com C2 (electronic key distribution saved 40 tons of paper/month!)

# Obstacles

- Solutions must scale (Budgets and people; e.g., 750,000 affected by each change)
- Depot legacy repair prevents throw away mentality of IT world
- Fixed cost + 8% profit margin discourages industry interest
- Complaints from users for fast but only 80% of the solution delivery
- Waterfall model for funding
- Need easy contracting to facilitate Partnering vs. Competition
- Competition between gov't and commercial R&D (IP?)
- Dependence on rapidly changing companies (not just products)
- Partnership vs competition; length of partnership
- Contract type, FAR, Acquisition reporting chain
- Unions, MITRE

# Obstacles

- Broker has no real hammer
- Funding dominated by legacy inertia not to new innovations
- Turf/pre-existing organizations charters slow innovation
- Lack of reputation, trust, branding
- International barriers
- ESC moving to sustainment role?
- Losing skill base; retaining knowledge experts
- Security
- Funding; initial investments for change
- Fear of sharing information
- Bureaucracy leads to superficial re-engineering; slow processes
- Lack of strategic plans, funding, and influence on industry
- Problem with innovation is its never been done that way.

# **“Popular” Broker Roles**

- **Human broker between industry-user-ESC**
  - Face to face on high leverage issues (dot com rest)
  - Establish trust with warfighter and industry
- **Info broker (C2 portal) [alternative: CIO]**
  - Self service
  - Cross education
  - Product Assessments
  - Information warehouse
- **Knowledge broker (CKO) [alternative: CTO]**
  - Focus on what knowledge rides on top of info infrastructure
  - Manage this proactively vs reactively
- **Services broker (with shift from cost to price)**
  - To get industry interested, must address profit margins
  - To ensure value added as IT becomes commodity, innovate at service level

# Implementation: Human broker

- Develop 3-5 yr **business forecasts** to engage and help industry plan (e.g., New Horizons)
- Create, understand, and exploit **partnerships** with gov't & industry, not CRADAs
- Distributed **testbeds for users, developers**

Dot com'ing acquisition processes assumed to save labor to allow time to do the face to face trust building (also scrub labor tasks and eliminate low priorities)

# Implementation: Information broker

- Create a **C2 Portal** for information/knowledge
  - Self service: open direct web access
  - Educate/advocate:
    - Warfighter needs to industry
    - Industry solutions to warfighter
  - Assess:
    - Consumer Reports quality
    - Underwriters Lab standards
  - Clearinghouse:
    - ConOps, Programs, Contracts, Requirements

# Implementation: Knowledge broker

- Establish ESC as C2 CKO
  - Develop a C2 brand identity for ESC (include wide, free access to data)
  - Communities of experts, user feedback, sounding boards
  - Collect, manage, profile, and data mine C2 info
  - Proactive, visionary strategy (not limited to current directions or to new “problems”)

# Implementation: Services broker

## ■ Build pilot DOT.COMs

- For C2: JBI (hardest, but most important)
- For logistics (easiest and large infrastructure impact)
- For B2G/G2B (internal business re-engineering)
- Emphasize “standard” web based framework with “plug in” capabilities
- Continuous upgradability at component level
- Allows experimentation at service level

## ■ Pilot price model vs. cost model acquisition

- Innovation to reduce costs improve profits
- Innovate to improve quality to charge higher price
- IP is all industry owned